



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 31, 1999

H.R. 862 **Clear Creek Distribution System Conveyance Act**

As ordered reported by the House Committee on Resources on March 17, 1999

H.R. 862 would authorize the Secretary of the Interior, acting through the Bureau of Reclamation, to convey all right, title, and interest in and to the Clear Creek Distribution System to the Clear Creek Community Services District, which is located in Shasta County, California. CBO estimates that enacting the bill could reduce federal spending over the 2000-2004 period, but that any such savings would not be significant. Because these savings could take the form of a reduction in direct spending, pay-as-you-go procedures would apply. H.R. 862 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. Local governments might incur some costs as a result of the bill's enactment, but these costs would be voluntary. The budgetary impact of this legislation falls within functions 300 (natural resources and environment) and 800 (general government).

H.R. 862 would absolve the federal government of potential liabilities associated with the Clear Creek Distribution System, including the cost of repairing an installation defect that has resulted in frequent breaks in the water delivery system. If H.R. 862 is not enacted, the federal government may elect to repair the system with appropriated funds. Alternatively, it is possible that the district would take legal action against the United States and that the federal government would be compelled to pay these costs. Based on information provided by the Bureau of Reclamation, CBO estimates that such costs could total about \$1 million.

H.R. 862 also would excuse the district from repaying amounts due to the federal government for the distribution system. However, in light of the problem with the system and the associated maintenance costs, the district may refuse to pay these amounts even if H.R. 862 is not enacted. The district's outstanding balance is \$0.4 million. Its next scheduled payment is in 2000, and currently scheduled payments over the 2000-2004 period total about \$0.1 million. (No payments were scheduled over the past several years.)

The CBO staff contact for this estimate is Gary Brown. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.